War stories

Reaction to Gulf mixed...

BY MARK LESLIE

As the Persian Gulf crisis turned 1 month old, investors, builders and architects in the U.S. golf industry reacted with varying degrees of caution and optimism.

The length of the crisis is crucial to deciding its impact, everyone agrees.

Michael Hardtman, an architect based in Columbus, Ohio, predicted an "incredible impact" from the crisis and hardened back to the Arab oil embargo of 1974 when the golf construction "virtually dried up."

"I think this situation is so unsettling that developers in the U.S. who have not already committed to a project are going to wait and see. I think that some of those who are committed and who are on the fine edge are going to say, 'Hey, I'm going to cut my losses and stop right now.'

Perry Dye, president of Dye Designs in Denver, Colo., and of the Golf Course Builders of America, said: "We're in the recreational, extra-dollar industry. We're the first to go and the last to come back. But until it happens we won't feel it."

Dye said developers whose projects have been in the permitting process... Continued on page 20

...as Supers, others fear domino effect

BY MARK LESLIE

The domino effect of an oil shortage would be felt in construction and a range of operations on a golf course, superintendents and others agree, but how much is up for debate.

"I'm dead budget-wise," lamented Dan Jones, superintendent at Banyan Golf Club in West Palm Beach, Fla.

He said his first delivery of oil after Iraq invaded Kuwait cost 16 cents a gallon.

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Fla. summit will draw all parties

BY PETER BLAIS

Item: A Florida water district considers instituting a $1 per 1,000-gallon surcharge on golf courses for water pumped out of courses' own wells. The move could add $10 to the average round and $800 to the typical private club membership fee.

The governor and cabinet shot down a golf course development on an environmentally sensitive stretch of Panhandle shoreline, even though a $100 million plan for the site was put before the governor's cabinet.

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Irrigation

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to a Maxi 5."

Manufacturers' list prices on computer control systems range from $17,000 to $28,000, but they normally sell for 40 percent less, said one industry source. The price usually covers the software, support, training, and the interface that allows the computer to talk to the satellites.

The satellites cost about $3,000 per unit. An average 18-hole course on the East Coast will install 12 to 15 satellites while a West Coast course, which waters the rough, will have 30 to 40.

A key feature for many superintendents considering a computer controlled irrigation system is whether it can run other programs.

Expanded uses

"The demands of superintendents include so many things," said John Skidgel, golf marketing manager for The Toro Co. Irrigation Division. "They want records. They want to know if there's any shutdown. They want to operate lights on the tennis courts, open and close valves on the ponds to keep the water levels at a certain point. They want to turn on their aerator out in the middle of the pond. On and on and on..."

"We've even got additional programs so guys can do things like lightly sprinkle the fairways to remove frost right before play starts in the morning."

Some systems are PC-dedicated; others are not. The difference is that one can be used for other purposes while it is controlling the irrigation, others cannot.

But Wright said it shouldn't matter. "You figure you irrigate from 10 at night to 6 in the morning. No one uses the computer for other things at that time," he said.

The difference from one system to another?

"We don't find a whole lot of difference," said consultant Mervis. "They're all trying to do the same thing."

Future

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energy and ground water contamination — this is a way of control.

"Superintendents can use computers to solve environmental concerns."

Christie predicted systems will have information "as to how much water, over what period of time, is needed to wash fertilizer in slowly rather than going straight to the ground water."

Sears said one manufacturer is developing a system programmed with weather data from the last 30 years. A superintendent will punch up his ZIP code and the program will plug that data right into the system. The weather station will then base itself, and make daily adjustments from that data.

The cost

The cost of computer controllers, Thompson said, will depend mostly on supply and demand.

"You pay a premium for new technology," Thompson said, "but it will stay the same proportionally."

Ray Davies, superintendent of Virginia Country Club in Hunting- ton Beach, Calif., and president of the Golf Course Superintendents Association of Southern California, said he doesn't consider it a disadvantage for a company to promote its system's many capabilities, even if they are not used much.

"It may be an inaccurate sales tool," he said. "You only talk about a bell or whistle if that thing's important to the customer. And it's up to the customer to decide if it's what he needs and to buy accordingly."

Supers

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gallon more than before. The price of oil had just gone up to $24 a barrel and was destined to climb over $30.

"We get monthly 1,000- to 1,500-gallon deliveries," Jones said. "I hate to think what my next fill-up is going to cost."

Ken Flisek was more optimistic about his situation at The Woodlands course in Falmouth, Maine, which is closed in the winter.

"Our fuel is only about $10,000 out of a $400,000 budget," Flisek said. "That may go up to $12,000 next year. That doesn't count heating fuel for the maintenance building.

In the heartland of the country, Stephen Biggers IV reported a similar feeling.

The president of the Indiana Golf Course Superintendents Association and superintendent at Highland Golf and Country Club in Indianapolis, Ind., Biggers said, "Guys with a longer season will be hurt a lot more than us."

Biggers said gas prices had gone from $1.00 to $1.30 per gallon, but that impact was minimal considering the size of his overall budget. He said he had not bought oil or chemicals since the Middle East crisis arose, and added: "I don't know what will happen in the chemical industry. I'm sure there's plenty in stock. New materials will probably go up. More than anything else, the cost increase would be in products that use surfactants (surface active agents), wetting agents or emulsifiable concentrate type materials.

"Luckily, we're almost out of the season for chemical applications."

Saying that he did not think cost increases for chemicals would hurt much, Flisek added, "Unfortunately, once the fuel price goes up, the price of every commodity in the world goes up."

Jones thought the worst effect would come from the domino theory.

"All our fertilizers are based on fuel oil. Our chemicals are based on fuel oil... And I think the domino
Iraqi neighbors, Asians non-plussed

BY MARK LESLIE

The possibility of a war brewing in the neighborhood is not stopping golf course developers in Eastern Europe and Southeast Asia from consulting with Americans involved in projects overseas.

Consultant Jim McLoughlin and architect J. Michael Poellot, both fresh from long trips from the region, said developers are not disturbed by the Persian Gulf crisis.

“We’ve got two clients in western Turkey on the Mediterranean coast, 300 to 400 miles away from the Israeli border, and they are proceeding,” said McLoughlin, president of The McLoughlin Group in Pleasantville, N.Y. “I have 11 projects in Thailand and they’re going hell bent for election.”

McLoughlin said the Turkish believe the Gulf confrontation is “a political situation, and the only thing that will hurt the projects there is if a policy has to be cleared through government, whose agenda is crowded. So politics would slow it down, not directly but indirectly because of the Gulf crisis. Economically is not a problem. Safety is not a problem.”

“And Turkey is as close as you can get to Iraq.”

“In that region of the world, they’ve had political unrest for centuries,” McLoughlin said. “This is probably the 83rd time they’ve had a threat of war.”

He added that two projects he is consulting on in Yugoslavia have come to a stop — but because of internal, not external politics.

Meanwhile, in Southeast Asia, extreme wealth of developers means money in hand, which means keeping projects alive.

“In all those highly active golf environments in Asia — Japan, Taiwan, Thailand and Korea — the economy won’t have an impact on golf for about a year because all the projects are with money in hand,” McLoughlin said. “Golf is popular. There are ways to cut through the government redtape to get approvals. So the impact of the Persian Gulf on the economy won’t affect them for about a year.”

He said: “In Thailand the wealthy are very, very wealthy. They’re dealing with money in hand, not like the United States, where you have to go out and raise it.”

“Our gas prices are fluctuating from month to month regardless of what’s going on. We’ve had a 30-cent-per-gallon jump within a two-month span, and then it goes back down, then jumps back up. Yes, it’s gone up but nothing out of the norm,” Kline said.

Poellot said electricity increases also have not been approved.

Impact on construction

Golf course architects Thomas Clark of Kensington, Md., and Willard Byrd of Atlanta, Ga., said builders will feel the effects in the cost of irrigation pipe.

“Some products based on petroleum will skyrocket,” Clark said.

Forseeing a price increase for pipe, Byrd bought some in advance, reasoning that “irrigation pipe is one of the first things to go up in our economy. We pay about $30,000 a year. We have two clients (one in Japan) is not fazed at all” by the Gulf crisis.

“We’re dealing with a segment of society that has been without war ... and has only known very good times the last 50 years, and I don’t think the gravity of the situation has filtered down to them,” he said.

“I’ve never seen a stronger market for golf in Asia in the 20 years I’ve done business there. I was in Indonesia, Thailand, Hong Kong, Japan, China. In some areas it’s waning. In others it’s just on the horizon.”

Poellot pointed to Indonesia and Thailand as hottest markets.

To emphasize Japan’s feeling of euphoria, he said that although the country is 100 percent dependent on foreign oil, 70 percent of which comes from the Middle East “Several weeks after Iraq invaded Kuwait there was no change in gas prices in Japan, whereas in the U.S. it was already up 15 percent and it was up as high as 30 percent in many countries in Europe.”

“A sort of "naive confidence" pervades in Japan,” he said.

Indonesia is not economically affected because it has its own oil supplies. And although Thailand is largely dependent on the Middle East for oil, “they are not too concerned right now,” Poellot said. “It is a thorn in their side but they don’t seem to be trembling about it.”

Supers

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Effect is going to kill golf courses — especially the heavily capitalized ones. They are going to get the crunch,” he said. “We’re probably four or five months away from seeing the worst of it, as it goes through the manufacturing lines.”

Arizona golf courses are being hit doubly hard, since the state has added a surcharge for electricity.

“Florida Power and Light just got approval on it,” Byrd said. “That’s the domino theory. First it’s the fuel oil; then it’s the electricity; then in another couple of months I’ll start getting hit on the fertilizers and chemicals,” Jones said.

“Our whole economy is built around oil so much that it’s scary. My electric is one of my biggest items now. And if nothing like out in Yugoslavia have come to a stop — but because of internal, not external politics.

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Bill Rogers, vice president of Oasis Irrigation Systems, Inc. in Nashville, Tenn., said irrigation pipe prices increased in early September by 12 percent, and components like controllers, heads, and valves rose five percent.

Rogers estimated that would translate to $10,000 more for the pipe in building an 18-hole course, plus more for the components. A course requiring 800 heads, at $200 apiece, would see an $8,000 increase just for heads, most of which are PVC.

“If (President) Bush keeps us in a stalemate for a year, I wouldn’t be surprised to see another 30-percent increase for pipe,” he said.

Reserves few in industry

The call to arms is affecting many companies nationwide that employ military Reserve units. But the golf course industry is apparently nearly immune.

Dr. Michael Hurdzan, an architect whose firm is headquartered in Columbus, Ohio, apparently stands alone.

The reason is simple: Summer, the traditional training time for Reservists, is the busiest time of the year for superintendents, builders and architects.

John LaFoy, an architect in Georgia, retired last year after 20 years in the Marine Corps Reserves.

A lieutenant colonel in the U.S. Army Reserve, Hurdzan is a Green Beret and psychological operations officer who trains in

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Existing courses

Ken Flisek, superintendent at The Woodlands, a golf course community in Falmouth, Maine, said of the conflict’s impact on his course: “The only thing that’s affecting us is our members who used to have a lot of money to spend on leisure activities. They now have less. The direct cost of the fuel increase isn’t hurting us as bad as the general economy.”

“People can’t spend as much in dues so they ask you to cut back on maintenance. Now is not a good year to ask for money for a capital project.”

Flisek said he is more concerned with “the overall big picture. When the economy slows down we tend to get hit more.”

“We are a playground for the rich. When they’re not making as much money we get the after-effects.”

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